ASCS BACKGROUND INFORMATION

United States Department of Agriculture

Agricultural Stabilization and Conservation Service

BI No. 3

December 1978

FARMER COMMITTEE ADMINISTRATION OF AGRICULTURAL PROGRAMS

State, county and community Agricultural Stabilization and Conservation (ASC) committees, made up of members who are actively engaged in farming, administer the programs and activities of the Agricultural Stabilization and Conservation Service (ASCS) and the field operations of the Commodity Credit Corporation (CCC).

These committees were established under the Soil Conservation and Domestic Allotment Act of 1935, as amended. Since 1933, however, farmers had a central role in making farm program decisions, at first through representation by members and leaders of farm organizations and by State and local agricultural officials.

The Agricultural Adjustment Act of 1933 authorized the Secretary of Agriculture to establish "State or local committees, or associations of producers, when in his judgment they are qualified to do so, to act as agents of their members and patrons in connection with distribution of rental or benefit payments." The early committees--cotton, wheat, corn-hog, etc.--were formed whenever the commodity was produced as a major crop. In some States and counties, several committees functioned at the same time.

Local farmers, acquainted with the farms and farming patterns of the community, were considered most capable of making decisions regarding the administration of farm programs. In order to insure against any partisan or organizational domination of the programs, provision was made for the annual election of local committee members by farmers. The early State committees were appointed by the Secretary of Agriculture, as they are today.

Following approval of the 1935 Act, as amended, the various commodity committees which had been established were eliminated, and a single farmer committee served all commodity groups in any one county.

The Agricultural Adjustment Act of 1938 mandated use of elected farmer committees for the first time. Among other provisions, the Act prescribed the general method of electing county committee members, the number of members, and the composition and method of selecting State farmer committee members.

As the committee system developed, full-time managers (today's State and County Executive Directors) were employed to supervise, under committee direction, day-to-day program operations through ASCS State and county offices.

THE ASC COMMITTEE SYSTEM TODAY

ASC State committees are composed of from three to five members, appointed by the Secretary of Agriculture. In each State, the Director of the Agricultural Extension Service is an ex officio member of the committee.

The State committee is responsible for the administration of farm programs in each State and for general supervision of the work of county committees. Each State committee appoints a State Executive Director who supervises and directs the work of the State office staff under policies established by the committee.

ASC County and community committee members are elected by other farmers in the county or community. There are some 3,000 county committees, one for each "agricultural county" in the Nation, and 16,000 community committees. There are no ASCS county offices or ASC committees in Puerto Rico or the Virgin Islands.

A county committee is made up of three regular members (each of whom serves a staggered 3-year term), and two alternate members (both usually elected each year). The county agricultural extension agent is a non-voting ex officio member of the committee. Each ASC county committee employs a County Executive Director who, for the committee, hires the necessary employees to staff the office, and is responsible for day-to-day office and field operations. The county committee is responsible for program and administrative policies, decisions and program reviews at the county level.

Community committees assist the county committee in carrying out program adminstration. Community committees of three regular and two alternate members each are elected by direct vote of the farmers in each of several local communities within the county. In these multiple community counties, the community committees in each county hold a convention following their election to nominate and elect the county committee members. All regular community committee members (excluding alternates) are delegates to the convention.

In one-community counties, county committee members are elected by direct vote of the farmers, and the county committee serves as the community committee.

In the election of both county and community committee members, the farmer receiving the largest number of votes becomes the chairperson; second largest, vice chairperson; third largest, regular member; and fourth

and fifth largest, first and second alternates. Alternate committee members serve in the place of committee members who, for any reason, cannot serve, either temporarily or permanently.

To hold office as a county or community committee member, a person must be eligible to vote in the committee elections, must reside in the county or community, and must meet certain other minimum requirements designed primarily to insure that political activity is in no way involved in committee decisions or operations.

A petition signed by three eligible voters is needed to nominate a farmer-candidate who has agreed to run. There is no limit to the number of petitions a person may sign, but each county or community should nominate at least six candidates. If enough candidates are not nominated by petition, the current county or community committee will make nominations to bring the number of candidates up to the required minimum number. One of the committee's nominees must be from a minority group if a county or community has 10 percent or more minority farmers and none were nominated by petition.

In general, those eligible to vote in the annual ASC committee elections are persons of legal voting age who have an interest in a farm as owner, tenant, or sharecropper, and who are participating or are eligible to participate in the programs administered by the committee. A person under 18 who operates a farm is also eligible to vote. A legal guardian who runs a farm for a child can vote for the child. Both husband and wife can vote in Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas and Washington, even though only one is listed as owner, operator, tenant or sharecropper. In any State, a spouse is eligible to vote if that person is a bonafide joint owner, operator, tenant or sharecropper.

Programs administered by ASC committee members are described in other publications in the Background Information (BI) series.


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ASCS Background Information

PRODUCTION ADJUSTMENT/ PRICE SUPPORT

BI No. 3

United States Department of Agriculture

Agricultural Stabilization and Conservation Service

JUNE 1982

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Purpose of Programs

Production adjustment and price support programs are designed for the purpose of (1) stabilizing, supporting, and protecting farm income and prices, (2) assisting in the maintenance of balanced and adequate supplies of food, feed, and fiber, and (3) aiding in the orderly marketing of farm commodities.

These programs include commodity loans and purchases, various means of production control, payments, farm storage facility loans, and the farmer-owned grain reserve.

The programs are financed by the Commodity Credit Corporation (CCC), a government-owned entity, and administered by the Agricultural Stabilization and Conservation Service (ASCS).

PRODUCTION ADJUSTMENT

Provisions of 1981 Act

The Agriculture and Food Act of 1981 significantly altered production adjustment programs for the 1982 through 1985 crops of wheat, feed grains (corn, grain sorghum, oats, and, if designated by the Secretary, barley), upland cotton, and rice.

The Act authorized:

° an acreage reduction program;

° crop acreage bases;

° continued authority for a cropland set-aside program, except for upland cotton and rice;

° elimination of peanut and rice acreage allotments;

° continued national program acreages;

° continued limits on payments a person can receive annually under the program;

° and continued authority for the Secretary to permit producers to divert cropland acreage in addition to setaside requirements and to make payments on this additional diversion.

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These programs protect and improve farm income, keep agricultural production in line with anticipated needs, and help assure that both farmers and consumers are equitably considered in the marketplace.

In line with these objectives, the Secretary of Agriculture may require participating producers to limit the acreage of a program crop (wheat, feed grains, upland cotton, and rice). This limitation is met through acreage reduction for each program crop or through a set-aside program for wheat, and barley, oats, corn, and grain sorghum. Acreages are limited if the Secretary determines that without a program the total supply of such crop is likely to be excessive.

If an acreage reduction or set-aside is in effect, producers must comply with program provisions to be eligible for loans, purchases, and payments. Producers must reduce their plantings on the farm by a specified percentage of acreage base for the commodity. Acreage bases are established for each farm for each commodity based upon the planted and considered-planted acreages of the commodity in previous years. Producers must devote to approved conservation uses an acreage of cropland equal to a specified percentage of the acreage planted for harvest.

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rovisions

Whenever a set-aside is in effect, the Secretary may require that a normal crop acreage (NCA) be established for each farm. To qualify for loan, purchase, and target price protection when an NCA is required, producers must limit acreage of NCA crops to the NCA minus the set-aside and any voluntary diversion. Owners and operators may also be required to limit the acreage of NCA crops to the NCA on other farms they own or operate that produce a set-aside crop.

Producers may be required to comply with any imposed set-aside requirements on a farm on which a set-aside crop is planted to become eligible for loans and deficiency payments on any program crop produced on the farm and for CCC price support loans on any crop included in the NCA (except sugar beets, sugarcane, and soybeans).

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If the Secretary determines that additional reduction in planted acres for a program crop is needed, producers may be offered paid voluntary diversion. Such acreage must be devoted to approved conservation uses.

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The conservation use acreage is a percentage of the current year's planted acreage. The acreage must be protected from wind and water erosion and devoted to a conserving practice or cover. Practices and covers are developed by local ASC committees in consultation with USDA's Soil Conservation Service. To be eligible, the acreage designated for conservation use must be cropland that was tilled in recent years to produce a small grain or row crop as determined by the county ASC committee.

Quota and Allotment Programs

Marketing quotas and acreage allotments are authorized under the Agricultural Adjustment Act of 1938, as amended, to regulate the marketing of some commodities when supplies are excessive.

The Secretary of Agriculture must proclaim national marketing quotas for designated crops when supply prospects exceed specified levels. Quotas are in effect only when approved by a two-thirds majority of the eligible producers voting in a referendum. If approved, the quotas become mandatory for producers.

The national marketing quota for a given commodity represents, in general, the quantity estimated to be required for domestic use and exports during the year. The quota is prorated on individuals' farms on the basis of past production history.

Acreage allotments and/or quotas are in effect for peanuts, extra long staple cotton, and most tobacco.

PRICE SUPPORT

Bases of Price Support

Price support programs for specified commodities were first authorized by the Agricultural Adjustment Acts of 1933 and 1938. Current programs are carried out under the following authorities, as amended: The CCC Charter Act, the Agricultural Act of 1949, as amended, and the National Wool Act of 1954.

Price support is required or authorized for wheat, corn, peanuts, rice, tobacco, wool, mohair, upland and extra long staple cotton, honey, barley, oats, rye, sorghums, milk and its products, flax, soybeans, gum naval stores (rosin), and sugar beets and sugarcane. Support may be through loans, purchases, payments, or a combination of these methods.

The Secretary of Agriculture may modify or suspend support prices and eligibility requirements for program participation for certain commodities.

Support Levels

For many commodities, Congress has established specific levels at which, or a range within which, loan, purchase, and payment rates are set.

Most announced loan and purchase levels are national averages, representing the average of all classes and grades of the commodity produced for market for all farmers. National average loan and purchase rates are converted into local loan and purchase rates for grades and qualities at specified locations. Premiums and discounts are established for qualities other than the base quality. These are added to or subtracted from the basic level at each location.

Payments

Producers may receive deficiency payments (based on target prices); disaster payments; incentive payments, indemnity payment wheat grazing and hay payments; and voluntary diversion payments. Funds for all payments are provided through CCC.

Target Price

Target prices are established for wheat, feed grains, upland cotton, and rice. Payments are based on the producer's share of the national program acreage for the crop. This acreage is the number of harvested acres needed to meet domestic and export use and attain an acceptable level of carryover stocks. If the national average market price received by producers during the first five months of the marketing year (or, for upland cotton, during the calendar year in which the crop is planted) drops below the target level, a payment is made to eligible producers equal to the difference between the target price and the higher of the loan level or the average market price.

Target prices may be adjusted each year to reflect changes in costs of production (seed, fertilizer, other variable costs, machinery ownership, and general farm overhead costs) and yield.

Target price payments under the wheat, feed grains, upland cotton, and rice programs combined cannot exceed $50,000 for each of the 1982 through 1985 crops. This limitation does not apply to CCC purchases, loans, or payments for public access for recreation.

Disaster Payments

Disaster payments are authorized for wheat, feed grains, upland cotton, and rice only if Federal crop insurance is not available. An eligible producer may receive payment if prevented from planting any portion of the farm's acreage to these crops or other nonconserving crops because of drought, flood, or other natural disaster or condition beyond the producer's control. Eligible producers may also receive payment if the total quantity of the eligible crop harvested on the farm is less than the potential yield.

The Secretary may make disaster payments to producers when producers' losses cause an economic emergency. Federal crop insurance and other Federal aid must be found insufficient to alleviate the economic emergency.

To be eligible for any disaster payments, a producer must comply with acreage reduction program requirements.

Disaster payments under the wheat, feed grains, upland cotton, and rice programs combined cannot exceed $100,000 for each of the 1982 through 1985 crops. This limitation does not apply to CCC purchases, loans, or payments for public access for recreation.

Incentive Payments

Price support is provided for shorn wool and mohair and on sales of unshorn lambs through incentive payments to producers. Payments are based on the percent needed to bring the average return received by all producers up to the support level.

To determine individual payments, this percentage is applied to the producer's net proceeds from the sale of wool or mohair. Under this method, the producer who gets a higher market price also gets a higher incentive payment encouraging producers to improve the quality and marketing of their wool and mohair.

Indemnity Payments

Under the dairy indemnity payment program, farmers are eligible for indemnity payments for milk removed from the market or for cows producing such milk because of contamination by pesticides or other harmful substances. The dairy farmers must not have been responsible for the contamination. Payments are authorized only if other legal recourse is not available to the farmer.

Wheat Grazing and Hay Payments

The Secretary is authorized to offer a special wheat grazing and hay program. The program removes wheat acreages from production by allowing producers to graze out or cut for hay wheat acreages planted for harvest as grain. Producers may designate a number of acres equal to the larger of 50 acres or 40 percent of the total acreage intended to be planted to wheat, feed grains, or upland cotton. Participating producers are eligible for payments as determined by the Secretary.

Voluntary Diversion Payments

If voluntary diversion is authorized, the Secretary determines the rate and method of computing payments.

Commodity Loans

The CCC makes commodity loans directly to eligible farmers, and through cooperative marketing associations to farmers and sugar processors, on the security of the stored commodities. Stocks may be stored on the farm in approved structures or off the farm in approved commercial warehouses.

Commodity loans are nonrecourse. The commodities serve as collateral for the loan. If a loan is made directly to a farmer, the farmer may repay the loan, plus accrued interest computed on a daily basis, at any time prior to loan maturity. Farmers who cannot profitably repay a loan with interest may deliver farm-stored commodities to the CCC, or forfeit warehouse-stored commodities to the CCC in full satisfaction of the loan.

Loans on tobacco, peanuts, and gum naval stores are made through producer associations and on barley, cotton, corn, oats, rye, sorghum, soybeans, wheat, rice, and honey either directly to farmers or to cooperatives on behalf of their members. In the case of producer association or cooperative loans, the commodity of all producers is pooled. The association markets the commodity held as collateral and either repays the amount due to the CCC or remits the sales proceeds to apply on the loan. A cooperative must repay the loan when the commodity is sold. If the sales by the association or cooperative return a profit over advances to growers, charges, and interest, the proceeds are prorated to growers participating in the pool.

Producers of sugar beets and sugarcane are afforded price support through loans made to processors of refined beet sugar or raw cane sugar. Processors, in order to qualify for loans, must guarantee to pay producers who deliver sugar beets or sugarcane for processing no less than the specified price support levels for those commodities.

Purchases

The CCC purchases, as authorized or required by legislation, honey, rice, peanuts, soybeans, sugar, dairy products, flaxseed, oats, rye, corn, sorghum, barley, and wheat.

A producer may apply at the county ASCS office for the option of selling to the CCC an approximate quantity of an eligible commodity at a settlement value established by government regulation or the government may seek bids from producers for the purchase of commodities required for distribution programs.

Disposition of CCC-owned Commodities

Commodities acquired by CCC are sold for domestic or export use, donated through Federal, State, and private agencies for use in child nutrition programs and in the assistance of needy persons in the United States, and transferred to the Veterans Administration for use in hospitals and to the Department of Defense. Grains may be donated to aid livestock producers in declared acute distress and major disaster areas or sold at reduced prices to livestock producers in areas where feed is short due to a natural disaster.

Grain Reserve Program

The Food and Agriculture Act of 1977 and the Agriculture and Food Act of 1981 provide for a farmer-owned grain reserve program for wheat, corn, barley, sorghum, and oats. The purpose of the program is to isolate grain stocks from the market to counter the price-depressing effects of these surplus stocks. To participate, farmers or cooperatives must put the eligible crop under a CCC price support loan.

The reserve agreement extends the original loan for three years. The farmer agrees not to sell the grain in the reserve until national average market prices reach a specified trigger level.

CCC makes annual payments in advance to producers to help pay the costs of reserve storage.

Grain placed in the reserve is subject to the same storage requirements as grain in the regular price support loan program. It can be stored either on the farm or in commercial warehouses.

Producers are permitted to rotate their reserve stocks to maintain quality.

Farm Facility Loans

ASCS is authorized to offer farm facility loans to help farmers buy, build, or remodel on-farm storage facilities and to obtain drying and handling equipment for eligible commodities.

For detailed information on commodity programs, see ASCS commodity fact sheets on individual commodities.